

NO CHANGE in Class.

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Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

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 CONFIDENTIAL in accordance with the
 letter of 13 October 1978 from the
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 Next Review Date: 2008

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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

CONFIDENTIAL

COUNTRY Germany/Russian Zone

DATE: 25X1X

INFO.

SUBJECT German View on Reparations
Paid by Russian Zone

DIST. 20 March 1947

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PAGES 2

SUPPLEMENT

ORIGIN

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1. Source divides reparations and quasi reparations removed from the Russian Zone into the following categories:

- a) Reparaturs production orders
- b) Credit amortization orders (Kredittilgungs-Aufträge)
- c) Delivery orders
- d) Deliveries to Soviet Army. [REDACTED]
- e) Deliveries to Osobtorg, GSOV, etc.
- f) "Operation Potsdam"
- g) Operation 112 b
- h) Dismantling
- i) Soviet AG's
- j) Occupation costs
- k) Booty of war and miscellaneous

2. Reparations production orders are issued to individual firms which deliver the product ordered out of current production. Payments are credited to the reparations account at the low prices set in SMA Order #63 rather than at the cost to the plant.

3. Credit amortization orders are also taken out of current production. Payment is made by deduction from the credits allowed the producing plants by SIA. The original credits were taken from money reserves confiscated by the Russians in various banks. According to source, these monies were private property and not subject to requisition as booty under the laws of land warfare. Source claims that these amounts should, therefore, be credited to reparations.

4. Delivery orders are taken out of current production, and payment is made from money turned over to the SMA by the Finance Offices of the various states.

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5. Deliveries to Soviet Army [REDACTED] are supposed to be solely for actual needs of the army. Source claims that the type of products demanded and the quantity far exceed the needs of the army. Payment is made in monies apparently taken from the state budgets or in military marks printed by the Russians. Source claims that products taken beyond the needs of the army should be credited to reparations. In this connection, source reports that the province was not called on to deliver any sugar on reparations orders in the first quarter 1947; however, an order was received to deliver 120,000 tons of refined sugar to [REDACTED]

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6. Soviet trade organizations such as Wojentorg, GSOV (Purchasing Company of the Soviet Occupying Troops), Osobtorg, Rasno Import, et al, take large quantities of consumers' goods, especially leather and textiles, out of current production. A small part of these goods is sold in Russian sales stores; the rest is exported. These products are paid for in marks by the company concerned.
7. "Operation Potsdam" employed a number of German trucks, trailers, and prime movers to carry machine tools to Russia. Only small payment has been made for the use of the transport, (damages, drivers' pay, fuel, etc.)
8. In the case of "Operation 112 b", no damages were paid for losses from Polish bandits in the Stettin area. Such payments as were made were taken out of budget funds of the states.
9. No comprehensive accounting of the value of machinery dismantled and shipped to Russia has been made. No payments have been made for dismantled machinery.
10. Values assigned the various SAG's have been arbitrary and often unusually low.
11. Many incidental occupation costs are not credited. Rent for officers' and civilians' quarters is often not paid. Furniture is damaged, destroyed, or removed without payment. Damages suffered by German individuals from members of the Soviet Army are not compensated. According to source, all such damages, not belonging strictly to occupation costs, should be credited to reparations.
12. The Russians have stretched the concept of booty far beyond the province of international law. Food supplies and consumer goods not connected with the war have been taken as booty. Funds in banks have been taken over and also all spare money in the state budgets.

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